



The United States Conference of Mayors

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Statement of
The Honorable Douglas H. Palmer
Immediate Past President, The U.S. Conference of Mayors
Mayor of Trenton, New Jersey
before
The United States House of Representatives
Committee on Ways and Means
on
Economic Recovery and Job Creation Through Investment
Longworth House Office Building, Room 1100
Washington, D.C.
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Submitted By:

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Thank you Mr. Chairman. I am Douglas H. Palmer, Mayor of Trenton and Immediate Past President of the United States Conference of Mayors¹. First let me commend you for your leadership of one of the most important committees in Congress and for your long-standing support of local governments. On behalf of the nation's mayors, we are pleased that you care enough to hold this hearing and to focus national attention on how the economic crisis is impacting American families and state and local governments. We also appreciate the opportunity to discuss how cities across the nation are affected by this crisis and will to offer a few recommendations that we believe will help create jobs and restore economic stability.

As mayors, our citizens ask us every single day what effect will the economic downturn have on their jobs, their mortgages, their long-term savings, and their pension funds. Across our nation, Americans have lost nearly 800,000 jobs in the last nine months. Unemployment currently stands at 6.1 percent and is projected to reach 7.5 percent next year. Families have lost \$2 trillion (20 percent) of their savings. And according to recent reports, retail sales on Main Street have dropped 1.2 percent in September, foreshadowing a dismal holiday shopping season, which accounts for approximately 25 percent of annual sales for most businesses.

The fiscal condition of cities has declined significantly since 2007 according to *The City Fiscal Condition Survey*, an annual report published in September 2008 by the National League of Cities. The report states that two of every three city finance officers surveyed in 2008 reported that their cities are less able to meet fiscal needs than in 2007. This compares with 70 percent last year who said their cities were better able to meet fiscal needs than in 2006. The same report predicts a decline in all three major sources of local tax revenue: property, sales, and income taxes.

Unlike the federal government, local governments can not carry a deficit from one year to the next. We are required by law to spend no more than we receive in revenues. As a result, many cities are taking drastic steps to balance their budgets. Let me provide you with a few examples.

Trenton

Starting with my own city, the financial meltdown, and the domino effect that has occurred in other sectors, is having a profound effect on the City of Trenton as well as many other urban municipalities and Main Streets throughout the country.

From a local perspective, Trenton is at a greater disadvantage than many. New Jersey cities rely heavily upon property taxes as their major source of budget revenue. Cities do not collect sales, payroll or telecommunications taxes at the local level. They are all collected by the state. As the capital of New Jersey, Trenton has a very large number of state, county, and federal buildings, many situated on prime property overlooking the Delaware River. We are also a small city land-wise. Almost one third of our 7.5 square miles is owned by State government. Almost 53 percent of all properties are tax exempt. We rely heavily upon State aid to supplement our budget.

¹ The U.S. Conference of Mayors (USCM) is the official nonpartisan organization of cities with populations of 30,000 or more. There are 1,139 such cities in the country today. Each city is represented in the Conference by its chief elected official, the mayor.

To make matters worse, the State of New Jersey is in a fiscal crisis. Local aid has been reduced significantly, and it is projected that this trend will continue. It is estimated that New Jersey will have a \$4 billion deficit in the next fiscal year. This has translated into a \$4.6 million revenue reduction in State aid to us in the current budget year. In sum, the city's budget deficit is \$25.8 million. As a result, we have instituted a major workforce reduction plan, which includes layoffs, demotions and the elimination of most personnel vacancies, including 16 police officer and 13 firefighter vacancies and the demotion of 13 fire captains. In all, we will be eliminating over 10% of the workforce. This will reduce budget appropriations by \$7.4 million, but we will still have to close the remaining \$18.8 million shortfall. If the city cannot find a way to close this gap, the tax rate will increase by 43 percent.

Additionally, we are struggling to grow our economy and property tax revenues. The mortgage and credit crisis, compounded by loss of jobs and bankruptcies have resulted in a 46 percent increase in foreclosure filings in the last year. Further, we have had to grapple with the State using large tracts of prime property for surface parking. Development of these properties would generate millions of dollars in residential and commercial property tax revenues and spur the local economy with construction jobs and other more permanent employment. Another major project that will spur the local economy is the redesign of Route 29, a major route along the Delaware River running through Trenton. This road is slated to be converted from a speedway to a boulevard, and in so doing, would join the city with one of its most valuable resources: developable riverfront property. Federal public works dollars would go a long way in providing the capital necessary to make this possible, creating jobs, new construction and new property tax revenues. While Trenton has been hit hard by this crisis, many other cities have also been heavily impacted.

New York

Some economists are predicting that New York and other cities with close ties to the financial sector will probably suffer the worst. In response to dwindling revenues, New York City Mayor Michael Bloomberg has pushed through a series of budget cuts over the last year and a half. So far the city has cut \$1.1 billion from last year's budget, \$1.3 from this year's and \$1.2 billion from next year's. These drastic steps are being taken to close a projected budget shortfall of \$2.3 billion next year, and shortfall of \$5.2 billion and \$5.1 billion in the following two years.

Bracing for even further declines in revenue from the Wall Street meltdown, Mayor Bloomberg recently ordered city agencies to come up with another \$1.5 billion in cuts. If approved by the City Council, each agency will be required to reduce its budget by 2.5 percent this year and an additional 5 percent next year. There is no doubt many critical services will suffer. The City Department of Education will be cut by more than \$580 million. And this comes on top of the \$180 million cuts in public schools last February. The Police Department budget will also be reduced by \$286 million. In addition to the cuts, the Mayor is considering a mid-year 7 percent increase in property taxes to help balance the budget in future years.

Chicago

The City of Chicago is facing a \$469 million budget shortfall. In response, Mayor Richard M. Daley has proposed laying off 929 city workers and eliminating 1,346 vacant jobs. His new budget proposal also calls for increasing taxes on parking and sports tickets, and requiring city workers to take three unpaid days off.

The tax increases come on top of numerous tax increases already imposed. Mayor Daley explained the budget cuts will mean the city will take longer to hire police officers, to plow side streets following snow storms, to clean vacant lots and to fill potholes.

Atlanta

In Atlanta, city officials have decided to cut 130 positions in the city's Fire Department to help close a \$140 million budget gap. Although the Fire Chief has decided not to close any of the fire stations, firefighters are being redistributed from areas with fewer emergency calls to areas with more calls. According to the Fire Chief, this move could increase some emergency response times.

I am sure all will agree that our local Fire Departments provide a critical service and that response time can make all the difference in the world when it come to saving lives and personal property. We can only hope the budget crunch that many of our cities are experiencing will never impede our Fire Departments' ability to respond to life-threatening emergencies in a timely manner.

Sacramento

With a budget shortfall projected to surpass \$40 million next year due to declining revenues from sales and property taxes, the city of Sacramento has decided to furlough 889 non-union employees. This is about one-fifth of the city's approximately 5,000 workforce. Most of these employees are in supervisory positions. They will be required to take one unpaid day off per month effective January 1, 2009 and it could continue beyond six months. This will amount to a 5 percent salary reduction for affected employees.

The cuts will mean fewer police patrols, a decrease in the number of serious crimes detectives will respond to after hours, and it will take longer to respond to 911 calls. Although the city is cutting back in an attempt to avoid layoffs, the City Manager has made clear that nothing is off the table when it comes to future cuts. About 70 percent of the city's budget goes to pay labor costs, which makes layoffs a huge target for future cuts.

In summary Mr. Chairman, the economic meltdown sweeping across our nation and the globe, threatens to subject many local governments to budget shortfalls far into the foreseeable future. It is clear to us that the economy needs a shot in the arm to nurture it back to a healthy recovery. Now that Congress has enacted a \$700 billion package to bail out Wall Street, we strongly recommend the enactment of a Main Street Stimulus package. Congress should also take action to ensure that local governments have access to short-term credit.

Local Government Credit Assistance

Due to the problems in the domestic and global financial markets, state and local governments are finding it increasingly difficult to access the capital markets at commonly acceptable rates. Cities across the country are especially having difficulty selling bonds and accessing short-term credit. State and local government issue short-term instruments for the same reasons as corporations—to access capital to pay debts until revenues are received, or until new bonds are issued. We are concerned about recent comments by the Federal Reserve that the newly created Commercial Paper Funding Facility (CPFF) would not assist the tax-exempt, short-term market.

We strongly recommend that Congress direct the Federal Reserve and the Treasury Department to work together under the \$700 billion Emergency Economic Stabilization Act to design a facility to provide a funding backstop to the state and municipal government debt market similar to the recently announced program for commercial paper. Without such action, states and municipalities will face ever-increasing costs to manage their short-term debt.

Main Street Stimulus

Congress should immediately enact a Main Street Stimulus package that includes programs that will create jobs, improve the nation's infrastructure, help small businesses on Main Street and have a lasting economic and environmental impact. The following programs should be included in the Main Street Stimulus package:

1. **Community Development Block Grants for Infrastructure (\$10 Billion)**
We're asking for a \$10 billion increase in CDBG to create jobs through: the construction and improvement of public facilities, streets, and neighborhood centers; the conversion of school buildings; and assistance to businesses to generate economic development and job creation.
2. **Energy Block Grant for Infrastructure and Green Jobs (\$5 Billion)**
It is time to move America toward a greener economy and tap the potential to create millions of green jobs for Main Street businesses and free the U.S. economy from its dependence on foreign oil. Congress should approve a \$5 billion investment in EECBG, which will give cities, counties, and states the resources to create thousands of energy efficiency and renewable energy production projects across the nation.
3. **Transit Equipment and Infrastructure (\$9 Billion)**
Our rail and bus systems are being forced to raise fares, cut service, and borrow funds to address the capital and operating needs. At the same time we are experiencing a dramatic surge in ridership due to high gas prices. Congress should fund the purchase of buses, street cars, rail cars and other equipment needed to create additional capacity; help stabilize fare increases; and restore and maintain facilities and infrastructure in a state of good repair.

4. Highway Infrastructure (\$32 Billion)

To create Main Street jobs and ensure that traffic-congested areas actually receive funding, Congress must not distribute additional highway stimulus funds based on the current state-based status-quo system. Instead, the Surface Transportation Program must be used to distribute highway stimulus funds. This will provide maximum flexibility to cities, counties, and states in advancing bridge, bus and rail, and road projects in our nation's metropolitan areas.

5. Airport Technology and Infrastructure (\$1.5 Billion)

The nation's airport infrastructure urgently needs increased funding to begin addressing the investment gap in airport capacity, safety and technology. To create high-paying jobs, assist small businesses and airport retailers, Congress should fund ready-to-go Airport Improvement projects.

6. Amtrak Infrastructure (\$1.25 Billion)

Amtrak is experiencing record ridership across the railroad's entire system for intercity passenger rail service. Amtrak connects rural, suburban, and urban communities in all regions of the nation. Congress should increase federal funding to make necessary upgrades to tracks, bridges and tunnels, electric traction, interlockings, signals and communications, and stations on the nation's Amtrak system.

7. Water and Wastewater Infrastructure (\$18.75 Billion)

Despite the tremendous investment made by local government, the Environmental Protection Agency estimates that there still is a \$500 billion "needs gap" to meet our water and wastewater infrastructure needs. Congress should allocate an additional \$18.75 billion directly to cities as grants to assist with rehabilitating aging water and sewer infrastructure, complying with sewer overflow issues, and promoting source water protection and availability.

8. School Modernization (\$7.5 Billion)

America's schools are in dire need of modernization and repair. Every day, many of our children attend school in overcrowded classrooms with faulty electrical systems, broken windows, peeling paint and leaking roofs. Congress should invest \$7.5 billion to repair and modernize school buildings in both large and small city school districts, improve their energy efficiency and equip them with first-class technology.

9. Public Housing (\$2.5 Billion)

The public housing capital funds which supports the capital needs of public housing, has a backlog of capital improvement needs estimated at \$18 billion to \$20 billion. Funding can be used for repair and construction projects, including safety repairs. Every dollar of Capital Fund expenditures produces \$2.12 in economic return. And many of the vendors used to make repairs and undertake construction projects are small businesses.

10. Public Safety Jobs (\$2.48 Billion)

Recent surveys have found that there is a direct link between the economic crisis and increasing crime rates. A total of 42 percent of cities in a 124-city survey have experienced an increase in crime. The survey also found that there are 8.6 percent fewer police officers in the cities surveyed than there were at their peak staffing levels. To help keep Main Street safe, Congress should add \$1.25 billion to the COPS program to help local police departments put an additional 16,000 police officers on the street; and increase the Byrne Justice Assistance Grant by \$1.23 billion to help keep thousands of police officers on their jobs.

Mr. Chairman, that ends my statement. I am submitting for the record a complete copy of our Main Street Stimulus plan which discusses in greater detail the programs that I have just outlined. Thank you for the opportunity to testify.



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A Call to Action

Main Street America is in economic trouble. America has lost nearly 800,000 jobs in the last nine months. Unemployment is now at 6.1 percent, and is projected to rise to over 7.5 percent next year. When under-employment is included, unemployment is projected to reach 9 percent. Families have lost \$2 trillion (20 percent) of their savings. The Commerce Department has just reported that retail sales on Main Street America have dropped 1.2 percent in September, foreshadowing a dismal holiday shopping season – which accounts for approximately 25 percent of annual sales income for most businesses.

Our citizens ask us every single day what this economy will do to their jobs, their long-term savings, their mortgages, and their pension funds. Parents are getting laid off from their jobs, families are struggling to pay bills, the mortgage crisis and foreclosures are forcing families to double-up and move in together, grandparents are struggling with retirement, and young people unable to secure financial aid are being forced to forgo college. In addition, severe state cutbacks are resulting in a loss of needed services on Main Street.

Washington bailed out Wall Street to the tune of \$700 billion. It is now time for Washington to help local governments and the private sector create jobs and economic growth by passing an immediate "Main Street Stimulus."

Over the last three months, U.S. Conference of Mayors President Manuel A. (Manny) Diaz of Miami has led a national tour with *Mayors '08 Action Forums* on 1) Crime; 2) Infrastructure; 3) Poverty; 4) Environment and Energy; and 5) Arts and Tourism. At each of these forums, mayors and national experts focused on the weakened economy, the immediate needs of working families, and ways to create jobs.

In today's world, it is Mayors who lead the metro economies that drive the nation. These metro economies now account for 86 percent of national employment, 90 percent of labor income, and 90 percent of gross domestic product (GDP). Therefore, if we are going to reverse the current economic situation and create jobs, the only way to do so is to invest in these Main Street, metro economies.

Following are 10 "Main Street Stimulus" programs that will create jobs now, improve the infrastructure that the private sector needs to succeed, help the small businesses of main street America, and have lasting economic and environmental benefits.

We have built on the House-passed \$60 billion stimulus package to calculate our funding recommendations, which total \$89.98 billion of the now estimated \$150 billion stimulus. The methodology for our recommendations is contained on page two of this document.

Cities are ready to go, and jobs can be created now! Therefore, federal agencies and the states must be required to dispense these funds immediately.

We commend the House and the Senate for their efforts to enact a second stimulus last month before the congressional recess. We stand ready to work with Congress during the upcoming emergency session to make sure that a "Main Street Stimulus" plan is signed into law this year.

Manuel A. (Manny) Diaz
Mayor of Miami
President

Tom Cochran
CEO and Executive Director

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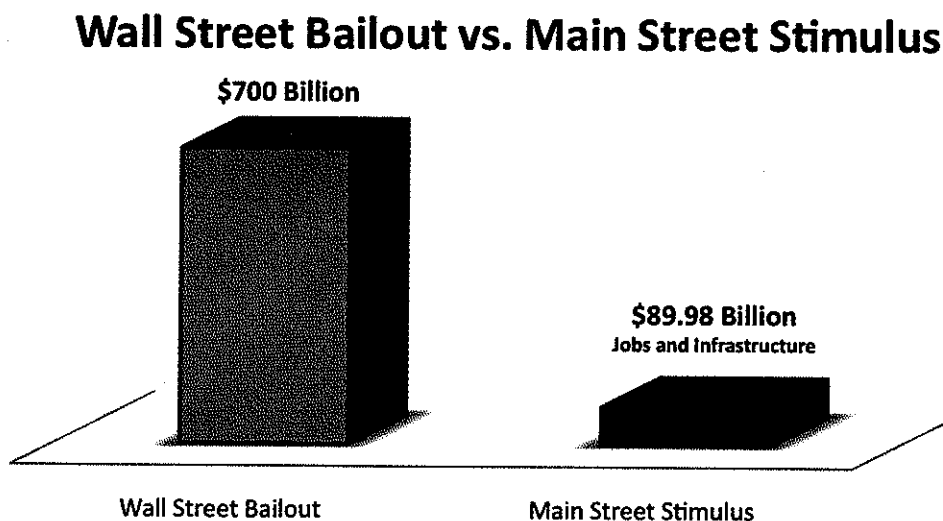
Project (Dollars in Billions)	H.R. 7110 (Passed House 9/26/08)	Mayors' MainStreet Stimulus Plan
1. Community Development Block Grant for Infrastructure ¹	\$4.00	\$10.00
2. Energy Block Grant for Infrastructure and Green Jobs ²	\$2.00	\$5.00
3. Transit Equipment and Infrastructure	\$3.60	\$9.00
4. Highway Infrastructure	\$12.80	\$32.00
5. Airport Technology and Infrastructure	\$0.60	\$1.50
6. Amtrak Infrastructure	\$0.50	\$1.25
7. Water and Wastewater Infrastructure	\$7.50	\$18.75
8. School Modernization	\$3.00	\$7.50
9. Public Housing Modernization	\$1.00	\$2.50
10. Public Safety Jobs and Technology ³	\$0.99	\$2.48
Main Street Stimulus Total	\$35.990	\$89.98
Congressional Stimulus Bill Total (Estimate)	\$60,000.00	\$150,000.00

Methodology: Figures are based upon the original Stimulus Bill proposal (H.R. 7110) that passed the house on September 26, 2008 which totaled \$60 billion. Since then, the Speaker's Office, along with the Senate Majority Leader's Office have indicated through media reports that the Stimulus Bill that will be brought to the floor after the November 4th elections will total \$150 billion, thus, the figures were adjusted proportionally (2.5x) in our plan. Other figures, referenced below, were also used.

¹ United States Conference of Mayors Survey. 1993. "Ready to Go".

² As authorized by the Energy Independence and Security Act of 2007.

³ Senators Reid/Byrd proposal in Senate version of Stimulus bill.





1. Community Development Block Grants for Infrastructure (\$10 Billion)

CDBG, established in 1974, is a proven and effective program in the city-federal partnership. Through the years, the federal government has adjusted the CDBG delivery system to allow additional flexibility to address national emergencies, and this should be done now to confront the current economic crisis. CDBG assisted New York City following the 9/11 terrorist attack and provided resources to the Gulf States and communities after several hurricane disasters. CDBG is currently being used to address the foreclosure crisis with the \$3.9 billion Neighborhood Stabilization Program (NSP) to communities faced with vacant and abandoned properties.

Today, CDBG can be used to **create jobs through: the construction of public facilities and improvements, water and sewer facilities, streets, and neighborhood centers; the conversion of school buildings for eligible purposes; activities relating to energy conservation and renewable energy resources; and assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.**

FACT: 21,140 small businesses received CDBG funding in Fiscal Year 2007. Sixty-two percent of the business assistance was for existing businesses, and 75 percent of all business assistance resulted in the creation or retention of jobs. ...HUD Performance Report, 2008

2. Energy Block Grant for Infrastructure and Green Jobs (\$5 Billion)

It is time to move America toward a greener economy and tap the potential to create millions of green jobs for Main Street businesses and free the U.S. economy from its dependence on foreign oil. Commitments made now will stimulate the development of green jobs for Main Street small businesses. This would help small business weather the current economic downturn and position them for even more significant economic growth. Potential green jobs -- 4.2 million nationwide by 2038 -- and other important benefits for the nation's economy were described in a recent study, *Current and Potential Green Jobs in the U.S. Economy*, prepared by Global Insight for The U.S. Conference of Mayors.

We have 900 mayors who have signed the United States Conference of Mayors Climate Protection Agreement, and they are ready to go. **Five billion dollars in funding for the Energy Efficiency and Conservation Block Grant (EECBG) program will give cities, counties and states the resources to create thousands of energy efficiency and renewable energy production projects throughout the U.S. Such main street-stimulating projects would include the installation of solar panels or wind turbines for the production of electricity on local buildings, deployment of new energy distribution technologies that significantly increase energy efficiency, such as distributed generation or district heating and cooling systems, development of systems to capture and generate power from methane at landfills and energy retrofits of public and private buildings within local areas.**

FACT: A \$100 billion federal investment over two years is estimated to create two million green-collar jobs. ...Center for American Progress, August 2008. Since many of the activities in this report would be supported by Energy Efficiency and Conservation Block Grant (EECBG) resources, the Conference of Mayors estimates that a starting EECBG investment of \$5 billion would result in the creation of more than 100,000 jobs.



3. Transit Equipment and Infrastructure (\$9 Billion)

Transit agencies (rail and bus) are being forced to raise fares, cut service, and borrow to address capital and operating needs, while experiencing a dramatic surge in Main Street ridership due to higher gas prices. Congress should fund the **purchase of buses, street cars, rail cars and other rolling stock and equipment needed to create additional capacity; help stabilize fare increases, improve reliability; and restore and maintain facilities and infrastructure** in a state of good repair. This could include improvements to expand station capacity, rail track improvements, and customer information screens, while at the same time creating much-needed high-paying jobs and economic activity on Main Street.

FACT: There has been a surge in the use of buses and other transit systems due to pain at the pump. In 2007, 10.3 billion trips were taken on public transportation – the highest number taken in 50 years. Ridership has continued to climb in 2008. According to a recent survey of the nation's transit providers, 85 percent of transit systems are reporting capacity constraints, with nearly four out of ten transit agencies now turning passengers away from affordable public transportation. ...American Public Transportation Association, 2008

FACT: The Federal Highway Administration estimates that every \$1 billion spent on transportation infrastructure creates 47,000 jobs (or more) and up to \$6 billion in additional gross domestic product. With the housing market in decline, construction employment fell by more than 360,000 jobs since March 2007, leaving a ready labor force to begin new projects. ...Economic Policy Institute, 2008

4. Highway Infrastructure (\$32 Billion)

To create Main Street jobs, support the metro economic engines, and ensure that traffic congested areas actually receive funding and critical deferred maintenance is addressed, additional highway stimulus funds must not be distributed based on the current state-based status-quo system.

Therefore, the Surface Transportation Program (STP) – which was created by Congress in 1991 – must be the mechanism for distributing highway stimulus funding. This will provide maximum flexibility to cities, counties, and states in advancing bridge, bus and rail, and road projects in our nation's metropolitan areas. This ensures that funds are allocated more evenly within each state so that mayors and other local leaders, who own and operate most of the transportation assets and facilities, are at the table to make decisions on “ready to go” projects. At the same time, this would create thousands of high-paying jobs, aid small businesses, and fuel economic activity on America's main streets.

Using this program structure means that, in addition to the guaranteed share of STP funds reserved for the states, local officials and local areas within the states would receive a balance of the funds based on population, as federal law has provided since 1991. Importantly, every eligibility under current law is subsumed under the STP program, so that state and local decision-makers have the maximum flexibility to select any project, whether it is a project to repair a bridge on the Interstate System or a less costly bridge repair project in a city, town or county.

FACT: The nation's urban areas generate 60 percent of the value of U.S. goods and services. The efficient movement of citizens and goods within these areas is critical to their productivity, and by extension, to the economic productivity of the nation itself. ...National Surface Transportation Policy and Revenue Study Commission, 2007

FACT: Nearly 70 percent of the nation's urban and suburban roads ... are in less than good condition, according to the Federal Highway Administration. While the nation is making progress on fixing the Interstate (freeways and expressways), spending to repair older roads and bridges and reinvest in other community transportation facilities is far short of need. ...Surface Transportation Policy Partnership, 2006



5. Airport Technology and Infrastructure (\$1.5 Billion)

The nation's airport infrastructure urgently needs increased funding to begin to address the investment gap in airport capacity, safety, and technology. To create high-paying jobs, assist small businesses and airport retailers, and stimulate economic activity on Main Street, Congress should fund **ready-to-go Airport Improvement Program (AIP) projects. These include runway and taxi rehabilitations, extensions, and widening; obstruction removal; apron construction, expansion and rehabilitation; rescue and firefighting equipment and facilities; airside service or public access roads; and noise mitigation and abatement (Part 150) associated with aircraft operations - including voluntary home buyout, which would fuel the local housing market, and residential and business insulation programs.**

FACT: Total estimates of airports' capital development costs for 2007 through 2011, adjusted for inflation, is \$87.4 billion or \$17.5 billion annualized. This is a 22 percent increase from the 2005 estimates. ...Airports Council International-North America, 2007

FACT: The total cost of domestic air traffic delays to the U.S. economy was as much as \$41 billion for 2007. ...U.S. Congress Joint Economic Committee, 2008

6. Amtrak Infrastructure (\$1.25 Billion)

Amtrak is experiencing record ridership across the railroad's entire system for intercity passenger rail service. Amtrak connects rural, suburban, and urban communities in all regions of the nation. With unpredictable and expected higher fuel prices, highway congestion, and an uncertain aviation outlook, Congress should increase federal funding to **make necessary upgrades to tracks, bridges and tunnels, electric traction, interlockings, signals and communications, and stations on the nation's Amtrak system.** In addition, Amtrak will be able to refurbish rail cars that are currently in storage and return them to service. This funding level would help stimulate local economies by creating thousands of high-paying jobs and small business activity.

FACT: Amtrak ridership in Fiscal Year 2008 increased to more than 28 million, marking the sixth straight year of gains and setting a record for the most passengers using Amtrak trains since the National Railroad Passenger Corporation started operations in 1971. ...Amtrak, 2008

FACT: \$4.2 billion is needed just to bring Amtrak engineering infrastructure system to a state-of-good-repair, excluding some major bridge and tunnel work. With the backlog of major bridge and tunnel work, the backlog approaches an estimated \$6 billion. ...Amtrak, 2005



7. Water and Wastewater Infrastructure (\$18.75 Billion)

Water and wastewater infrastructure is an integral component of the nation's economic competitiveness, protects public health, and creates jobs.

In 2006 alone, local government spent \$85 billion on water infrastructure. During the same time the Federal government provided only \$1.9 billion through state loans. Through user rates, local bonds, and taxes, local governments contribute 98 percent of the total investment in wastewater and 95 percent of the investment in water infrastructure. Despite the tremendous investment made by local government, the Environmental Protection Agency estimates that there still is a \$500 billion "needs gap" to meet our water and wastewater infrastructure needs and to comply with current unfunded mandates.

Due to leaking pipes, cities can lose anywhere from five to 40 percent of their water and wastewater. Thirty-five percent of cities in a Conference of Mayors survey do not know where their source of water will come from by 2025. Therefore, Congress should allocate an additional \$18.75 billion directly to cities as **grants to assist with rehabilitating aging water and sewer infrastructure, complying with sewer overflow issues, and promoting source water protection and availability.** This additional investment will result in immediate job creation in cities and across the nation, as many local Main Street infrastructure projects are ready to go.

FACT: For every dollar of water and sewer infrastructure investment, Gross Domestic Product increases by \$6.35 in the long-term. For each additional dollar spent on operating and maintaining the water and sewer industry, revenue or economic output for all industries is increased by \$2.62 in that year. In addition, every new water and sewer job creates 3.68 jobs in the national economy. ... The Cadmus Group, for The U.S. Conference of Mayors, 2008

8. School Modernization (\$7.5 Billion)

America's schools are in dire need of modernization and repair. Every day, many of our children attend school in overcrowded classrooms with faulty electrical systems, broken windows, peeling paint and leaking roofs. Existing schools are bursting at the seams and hold class in "temporary" trailers, converted closets and hallways. New facilities are desperately needed to accommodate this ever-growing student population. In addition, too many students attend schools that lack the basic electrical and telecommunications equipment necessary for connection to the Internet or to implement new education technologies.

The Conference supports a \$7.5 billion federal investment to **repair and modernize school buildings in both large and small city school districts, improve their energy efficiency and equip them with first-class technology.** This investment would create jobs in the construction industry, one of the industries hardest hit by the recent economic downturn -- having lost 528,000 jobs since September 2006. In addition, by helping local school districts create schools that are energy efficient and more reliant on renewable sources of energy, this investment could greatly reduce the emissions that contribute to global warming.

FACT: The total funding need for public school modernization is \$321.9 billion. Of that total, \$268.2 billion of the need is for school infrastructure, and \$53.7 billion of the need is for education technology. ... National Education Association (NEA): *Modernizing Our Schools: What Will It Cost*, 2000



9. Public Housing Modernization (\$2.5 Billion)

Funding can be used for **repair and construction projects, including safety repairs**. Every dollar of Capital Fund expenditures produces \$2.12 in economic return. Many of the vendors used to make repairs and undertake construction projects are small businesses.

FACT: The public housing capital fund has a backlog of capital improvement needs estimated at \$20 billion.
...Center on Budget and Policy Priorities, 2002

10. Public Safety Jobs and Technology (\$2.48 Billion)

Unless you have a safe Main Street, you don't have a Main Street. Recent surveys conducted by mayors and police chiefs have found that there is a link between current economic conditions and increasing crime rates, particularly those for burglaries and thefts.

Additional COPS Funding – Providing \$1.25 billion to local police departments to hire additional personnel would accomplish several purposes: It would put over **16,000 additional police officers on the streets**, thus beginning the process of getting local police departments to the staffing levels they require; it would improve public safety in the cities which receive funding for officers, and through that improved public safety contribute to further economic development and, possibly, further job creation. Mayors and police chiefs have recommended that COPS funding be made more flexible so that police departments are able to use that funding both for sworn officers and for those professionally trained in DNA analysis and forensics. Current law limits COPS hiring grants to sworn officers and provides a maximum of \$75,000 in federal funding over three years per officer.

Additional Byrne Justice Assistance Grant Funding – Providing an additional \$1.23 billion to the Byrne program could help to **keep thousands of police officers in their jobs**, and could make current and newly hired police officers more effective by assuring that they have needed equipment and new technologies.

FACT: An additional 92,316 officers are needed in local police, sheriffs' and special jurisdiction departments now. And, 42 percent of cities are seeing increased crime as a result of the current economy. ...U.S. Conference of Mayors: *Economic Downturn and Federal Inaction Impact on Crime Survey*, August 2008



Other Emergency Measures for Main Street America

Mayors strongly support **additional emergency measures** to help individuals and business – especially small businesses:

Job Training: The stimulus package should include job training funding for dislocated worker and youth employment activities.

Small Business Administration Loans: America's small businesses face an ever-tightening credit market in the wake of struggling financial markets. The stimulus package should provide additional reduced-fee loans to small businesses, delivering needed relief to small businesses on Main Street during Wall Street's financial crisis.

Extension of Unemployment Benefits: The stimulus package should extend unemployment benefits by seven weeks in all states and another 13 weeks in high unemployment states.

Food Assistance: In order to help low-income families cope with rising food prices, the stimulus package should include increases in Food Stamp benefits, the Women, Infants, and Children (WIC) program, Food Banks, the Commodity Supplemental Food program, and the senior meals program.

Medicaid (FMAP): Twenty-nine states are facing a \$52 billion shortfall in revenues in their FY 2009 budgets. As a result, low-income families and children could face cuts or eliminations in health care coverage and services. Therefore, the stimulus package should increase the Federal Medical Assistance Percentage (FMAP) for Medicaid health costs.

In addition to the stimulus measures above, Congress must address the **credit crisis** facing local and state governments:

Local Government Credit Assistance: Congress should direct the Federal Reserve and the Treasury Department to work together under the **\$700 billion Emergency Economic Stabilization Act to design a facility to provide a funding backstop to the state and municipal government debt market** similar to the recently announced program for the commercial paper market. Because of the national credit crisis, cities across the country are having difficulty selling bonds and accessing short-term credit. This new facility should be designed to protect taxpayer resources while ensuring state and local governments can continue to provide vital services to their residents.